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CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

CONNECTED TRANSACTION

The Company announces that on 23 October 2015, following successful bidding through the listing-for-sale process on the Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所), ZCXK, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement.

Pursuant to the Share Purchase Agreement, ZCXK will acquire 5% equity interest in the Target held by Nanhai Holding at the consideration of RMB4,038,033. Based on the Share Purchase Agreement, ZCXK will also enter into the Capital Injection Agreement for the injection of additional capital of RMB3,500,000 into the Target.

Nanhai Holding is a controlling shareholder of the Company. As the Target is a subsidiary of Nanhai Holding, the Target is a connected person of the Company. The Acquisition and the Capital Injection will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the Acquisition and the Capital Injection, as the applicable percentage ratios exceed 0.1% but are less than 5%, such connected transactions are exempt from circular and independent shareholders' approval requirements but remain subject to announcement and reporting requirements under Chapter 14A of the Listing Rules.

The Company announces that on 23 October 2015, ZCXK entered into the Share Purchase Agreement.

(I) The Share Purchase Agreement

Date

23 October 2015

Parties

(1) As Vendor: Nanhai Holding

(2) As Purchasers:

(i) Shandong Zhongfu;

(ii) Beijing Zhongfu;

(iii) Shenzhen Pingan;

(iv) Shenzhen Zhihui;

(v) ZCXK;

(vi) Foshan Yucai; and

(vii) Foshan Yuhui.

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, each of Shandong Zhongfu, Beijing Zhongfu, Shenzhen Pingan, Shenzhen Zhihui, Foshan Yucai and Foshan Yuhui and the ultimate beneficial owners of each of these entities are independent of the Group and its connected persons.

Nature of the transaction

Pursuant to the Share Purchase Agreement, among the 61% equity interest in total in the Target to be acquired by the Purchasers from Nanhai Holding, ZCXX will acquire only 5% equity interest in the Target, following successful bidding through the listing-for-sale process on the Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所), at the consideration of RMB4,038,033.

Basis of consideration

The public listing-for-sale process of equity interest in the Target was conducted on the Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所) in accordance with the applicable PRC laws and regulations. The bidding price was determined with reference to the asset valuation of the Target's equity interests as at 31 December 2014. The consideration payable by ZCXX with respect to the Acquisition is in proportion to the 5% stake in the registered capital of the Target to be acquired by it.

Payment terms

Pursuant to the Share Purchase Agreement, the consideration for the Acquisition shall be paid in one lump sum by cash with the internal resources of the Group within five business days following the date of the Share Purchase Agreement.

Capital injection

As one of the conditions of the listing-for-sale process, the Purchasers and the Vendor will enter into the Capital Injection Agreement. Pursuant to the Capital Injection Agreement, ZCXX will make a capital injection of RMB3,500,000 with the internal resources of the Group to the Target in proportion to its 5% stake in the registered capital in the Target, within five business days following the date of the Capital Injection Agreement.

Other terms

In the transition period between 31 December 2014 and the date on which the change in the business registration of the current transfer of the equity interest is completed, the Vendor will be entitled to the increase in net assets of the Target as a result of making a profit in the Target. The Vendor will also compensate the Target for any decrease in net assets of the Target as a result of making a loss in the Target.

Completion

Completion of the Acquisition will take place following the payment of the price for the transfer of the 61% equity interest in the Target and completion of the registration procedures for the change in business registration at the business registration body.

(II) Information on the Vendor and the Purchasers

The Group is principally engaged in property development and investment, hotel operation and investment holding. Nanhai Holding is principally engaged in investment holding.

Based on publicly available information, Shangdong Zhongfu, Beijing Zhongfu, Foshan Yucai, Foshan Yuhui, Shenzhen Pingan and Shenzhen Zhihui are principally engaged in equity investment and investment management.

(III) Information on the Target

The Target is principally engaged in the provision of electronic certification services and products for e-government and e-commerce activities mainly in Guangdong, the PRC.

The audited net profit attributable to the 5% equity interest in the Target to be acquired by ZCXX for the year ended 31 December 2013 and for the year ended 31 December 2014, based on audited consolidated financial statements of the Target prepared in accordance with PRC accounting standards, were approximately:

	For the year ended 31 December 2013	For the year ended 31 December 2014
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation	4,234,912	8,544,654
Net profit after taxation	4,234,912	8,036,679

Based on the audited consolidated financial statements of the Target prepared in accordance with PRC accounting standards, the audited net asset value of the Target as at 31 December 2014 was approximately RMB47,068,300, while according to the asset valuation conducted pursuant to the requirements of the applicable PRC laws and regulations, the estimated value of 100% equity interest in the Target was RMB80,760,600 as at 31 December 2014. The original acquisition cost for Nanhai Holding in respect of the 5% equity interest in the Target was approximately RMB3,149,451.

(IV) Reasons for and benefits of the Acquisition and the Capital Injection

The Acquisition would provide the Company with the opportunity to participate in the growing business of providing electronic certification services in the PRC through investment in the Target, which, in the view of the Directors, is a profitable and growing industry in the PRC. The Capital Injection will be used for the business expansion of the Target.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition and the Capital Injection are on normal commercial terms and are fair and reasonable, and that the Acquisition and the Capital Injection are conducted within the ordinary and usual course of business and are in the interests of the Company and its shareholders as a whole. No Director had a material interest in the Acquisition and the Capital Injection or was required to abstain from voting at the Board meeting approving the Acquisition and the Capital Injection.

(V) Listing Rules implications

Nanhai Holding is the controlling shareholder of the Company under the Listing Rules, and accordingly, the Share Purchase Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Target is a subsidiary of Nanhai Holding, the Target is a connected person of the Company. The Acquisition and the Capital Injection will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the Acquisition and the Capital Injection, as the relevant percentage ratios are more than 0.1% but less than 5%, the connected transactions contemplated under the Share Purchase Agreement and the Capital Injection Agreement are exempt from the circular and independent shareholders' approval requirements, but will remain subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

(VI) Definitions

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:—

“Acquisition”	the acquisition of 5% equity interest in the Target by ZCXK pursuant to the Share Purchase Agreement;
“Beijing Zhongfu”	Beijing Zhongfu Yunce Investment Centre*, a limited partnership (北京中扶雲策投資管理中心(有限合夥));
“Board”	the board of Directors;
“Capital Injection”	the subsequent capital injection to be made by ZCXK into the Target pursuant to the Capital Injection Agreement;
“Capital Injection Agreement”	the capital injection agreement expected to be entered into within five business days following the date of the Share Purchase Agreement between the Purchasers and the Vendor as a condition subsequent to the Share Purchase Agreement;
“Company”	China Investments Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00132);
“connected person”	has the same meaning ascribed to it in the Listing Rules;

“connected transaction”	has the same meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;
“Foshan Yucai”	Foshan Nanhai Yucai Investment Enterprises*, a limited partnership (佛山市南海毓才投資管理合夥企業 (有限合夥)) ;
“Foshan Yuhui”	Foshan Nanhai Yuhui Investment Enterprises*, a limited partnership (佛山市南海毓輝投資管理合夥企業 (有限合夥)) ;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Nanhai Holding” or the “Vendor”	Guangdong Nanhai Holding Investment Co. Ltd.* (廣東南海控股投資有限公司) , a controlling shareholder of the Company under the Listing Rules;
“percentage ratios”	has the same meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchasers”	the purchasers as set out in the section headed “Parties” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shangdong Zhongfu”	Shangdong Zhongfu Yuntou Investment Limited* (山東中扶雲投投資有限公司);
“Share Purchase Agreement”	the share purchase agreement entered into between the Purchasers and the Vendor on 23 October 2015;
“Shenzhen Pingan”	Shenzhen Pingan Tiancheng Investment Fund*, a limited partnership (深圳平安天成股權投資基金合夥企業(有限合夥));
“Shenzhen Zhihui”	Shenzhen Zhihui Tiancheng Erhao Investment Enterprises*, a limited partnership (深圳市智匯天成二號投資合夥企業(有限合夥));
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it in the Listing Rules;
“Target”	Guangdong Certificate Authority Company Limited* (廣東數字證書認證中心有限公司), a wholly-owned subsidiary of Nanhai Holding;
“ZCXX”	Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited* (中創興科(深圳)投資有限公司), a wholly-owned subsidiary of the Company; and
“%”	per cent.

By Order of the Board
China Investments Holdings Limited
HE Xiangming
Chairman

Hong Kong, 23 October 2015

As at the date of this announcement, the Board consists of five executive directors, namely Mr. HE Xiangming (Chairman), Mr. SU Wenzhao (Managing Director), Mr. YOU Guang Wu (Director), Mr. HUANG Zhihe (Deputy Managing Director) and Ms. WANG Xin (Deputy Managing Director) and three independent non-executive directors, namely Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.

* For identification purpose only